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SUBJECT: ROSATOM TRANSITION UPDATE

REF: Moscow 0408

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¶1. (SBU) Summary: The transition of the Federal Atomic Energy Agency to the Rosatom State Corporation is moving forward. The uncertainty surrounding the retention of staff has brought anxiety and bureaucratic paralysis as employees wait to learn their fate in the new organization. End Summary.

¶2. (SBU) On March 26, we met with Natalya Klishina, Deputy Head of the Rosatom Office of Bilateral Cooperation, to get an update on the ongoing transformation of the Federal Atomic Energy Agency (Rosatom) into the Rosatom State Corporation (RSC)(Reftel). She reported that Prime Minister Zubkov is expected to soon sign the executive order transferring Rosatom's authority to the RSC. The day Zubkov signs the order will be the official starting date of the reorganization. Every Rosatom employee will receive a "notice letter" informing them that over the following two months, the RSC will make a decision regarding whether they will be retained by the new organization or dismissed.

¶3. (SBU) Presently, only four or five top-level staff have been officially assigned to the RSC. These include Director General Sergey Kiriyyenko and Deputy Director General Nikolay Spasskiy. Klishina reports that the uncertainty regarding future employment is negatively impacting morale and productivity. Repeating what we have heard from other Rosatom officials, she speculated that many "newcomers" may be hired by the RSC, implying that significant numbers of Rosatom staff may be let go.

¶4. (SBU) Comment: This period of uncertainty is not unusual in Russian government agency reorganizations. It may take about six months for the new Rosatom Corporation structure to find its groove.

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